



Pioneering a New Virtual Geography Immigrant Entrepreneurs in Rural Oregon and California

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*Panel on Rural Latino Entrepreneurs: Social and Cultural Capital
Rural Sociology Society Annual Meeting*

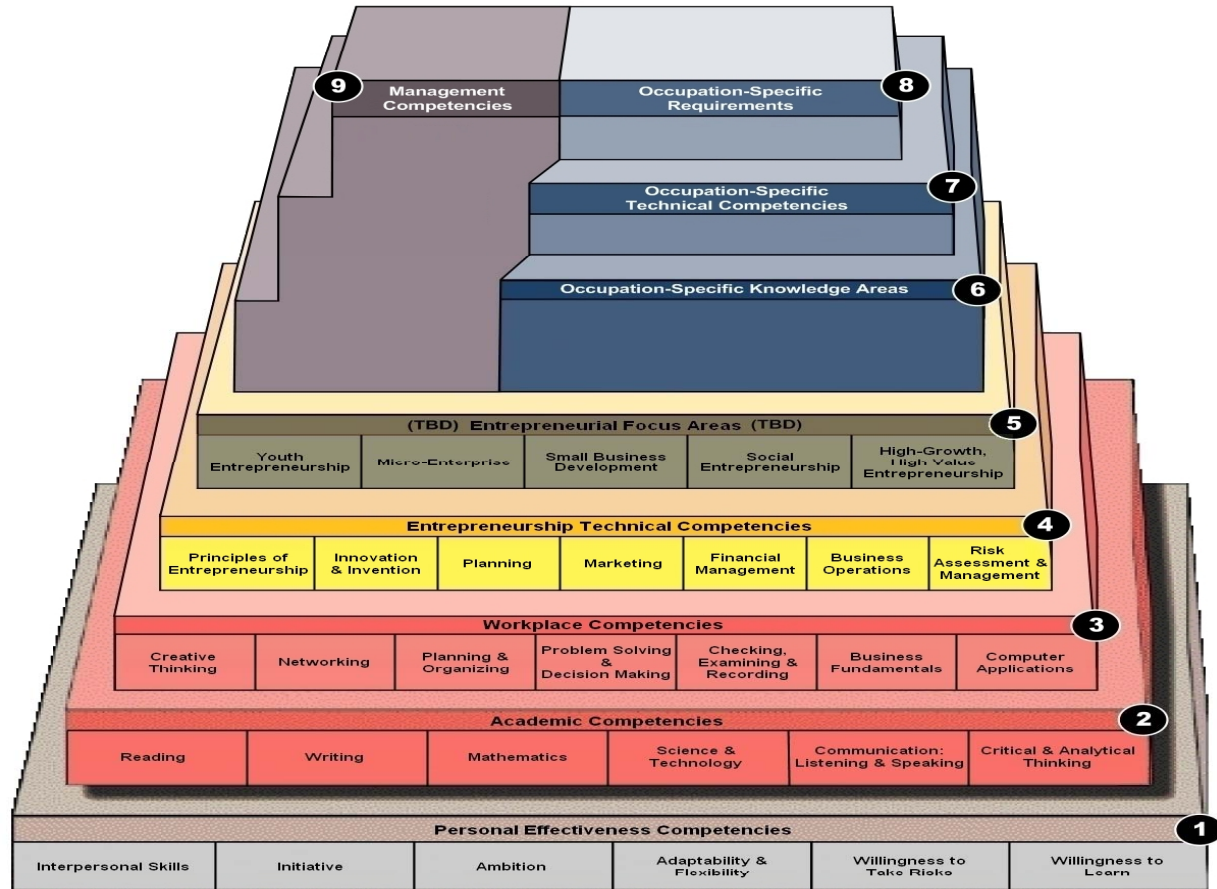
July 31, 2009

This material is based upon work supported by the Cooperative State Research, Education, and Extension Service, U.S. Department of Agriculture under Agreement No. 2001-36201-11286. Any opinions, findings, conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture.

Analytic Framework(s)

- The competencies and skills entrepreneurs need to succeed is visualized using O*Net/ETA “building block” model (see the next slide)
- Entrepreneurship is seen as embedded in dynamic community networks and entrepreneurs are visualized as drawing on social and cultural capital from diverse local networks (some with “bonding” and others with “bridging” linkages)
- As visualized schematically by Jan Flora and Neal Flora this makes possible new modes of collaboration whereby social capital is transformed into economic, civic, and political capital

The O*Net Entrepreneurship Competency Model



11.20.2008

Key Competency Domains for Immigrant Entrepreneurs

- O*Net Tier 1: Personal Effectiveness, ambition, adaptability and flexibility, willingness to take risks, willingness to learn, interpersonal skills
- O*Net Tier 2: “Academic” Skills –literacy, numeracy, analytic thinking, ability to engage in lifelong learning, active listening, effective speaking, summarizing, negotiating, persuading.
- O*Net Tier 3: Workplace Competencies– creative thinking (“getting the big picture”, innovation), networking (including relationship–building, partnering, leveraging contacts, and collaboration), customer focus, adaptability/flexibility, planning and organizing, problem–solving and decision–making, “business fundamentals”
- Cornelia Flora’s review of the literature (2006)— Achievement motivation, self–efficacy, low uncertainty avoidance, ideally preference for innovation (but not always evident in the low–level, small–town businesses we observed)

Sources of Empirical Data and Methodological Insights

- Interviews with small samples of immigrant entrepreneurs 2003–2005 as part of New Pluralism study
- In two rural communities with long histories (50+ years) of predominantly Mexican migration—like much of contemporary “rural” America, not remote rural but adjacent to urban metro areas
- Areas where labor-intensive agricultural production drew migrant farmworkers after World War II—but where, as in much of rural America, local economies are now in transition to a 21st century economy
- Challenges in developing a full sampling frame due to low social visibility of some immigrant entrepreneurs and fuzzy conceptual boundaries between “entrepreneurship” and “underground economy”
- Inherent sampling problems due to combination of gradual growth from home-based micro-enterprises and presumed high failure rate
- Local field research was crucial—formal sampling frames (e.g. phone book listings, Dun and Bradstreet, business organization lists are inadequate).

Entrepreneurship as a Stage of Worklife and Migration Experience

- Many, but not all, the entrepreneurs interviewed had first migrated to the US to work in farmwork or in some other immigrant-dominated industry/occupational sector such as restaurants or warehousing, not to set up a business.
- Many, but not all, had first come to an urban migration destination (e.g. Bakersfield, Los Angeles, Orange County, Portland) and subsequently settled in a rural community.
- The typical entrepreneur set up their business in their 30's or 40's—building both on skills acquired in their home country and experience in the U.S.
- Most had quite diverse work experience (e.g. the baker who had worked in construction, the restaurateur who had been a butcher, the photographer who had been a stockbroker).
- Some of the younger entrepreneurs included managers or owners whose families had specialized in a particular type of business in Mexico (e.g. restaurants) while others were particularly well-educated Generation 1.5 immigrants (e.g. a store owner with a degree in mechanical engineering).

The Strength of Weak Ties

- Entrepreneurs' stories underscored the strength of weak ties—with a good deal of secondary migration sparked by networking with in-laws.
- Networks with weak ties included acquaintances entrepreneurs had first met in the US, paisanos who had settled in the community earlier, and some inter-ethnic marriages (e.g. a Yemeni married to a Tejana).
- In Arvin, CA Yemeni entrepreneurs were linked into extended family and migration networks stretching to Oakland, CA, the Detroit area of Michigan, and globally to a migrant-sending area near Ibb.
- Extended family networks provide access to modest financial resources as needed, (e.g. brother-in-law bought building a retail establishment is in and is flexible on rent, corner store owner gets loans for seasonal downturn in business)
- Family and social networks can also provide useful technical support (e.g. bookkeeping expertise), relatives willing to take on irregular work schedules, and cross-ethnic ones, a broader spectrum of “cultural capital”.

Standard Indicators of Human Capital: Language Ability and Education

- Speaking “some” English seems essential to immigrant entrepreneurs’ success, but not necessarily speaking, reading, or writing English well—helpful, not essential.
- Literacy in Spanish is also helpful (e.g. gibberish sign prepared by a non-immigrant in Arvin: “...tenemos muchas traylas para rentar...por un wen presio de renta. Huntan con el especial que pa ofresial pueden a rsivereon coupon de \$50.00)
- More important than “language skill” per se is communication style and code-switching skill to relate to diverse individuals, good listening skills. This may well be why the Generation 1.5 immigrants have special advantages as entrepreneurs.
- Having basic literacy and numeracy skills is essential for most of the businesses, but “academic” skills deficits are often remedied by reliance on family and social networks: collaborative literacy.
- Technically speaking, quantitative reasoning competencies seem more important than computational ability. Some interviewees who were very weak in arithmetic could, nonetheless, think very strategically about issues such as variability in cash flow, trade-offs between markup and sales volume, quality assurance, etc.

Other Facets of Human Capital: “The Necessary Skills”

- The standard human capital indicators (central to policy analyses of immigration such as Borjas’) fail to reliably assess entrepreneurs’ actual level of human capital—as evidenced by analytic thinking skill, work habits/effectiveness.
- Skills in the personal effectiveness domain seem particularly necessary. Gaining insights into others’ behavior, maintaining open communication, interacting and, sometimes, cooperating with diverse people, motivation, perseverance, flexibility, coping with ambiguity, willingness and ability to learn are all key—even in modest enterprises. These are the skills needed to pioneer unfamiliar, unpredictable social and civic landscapes.
- O*Net suggests these other seldom-measured competencies are those that count. These can be seen as reflecting “human potential”, ability to engage in lifelong learning and skills development, more than realized/current skills inventory at any given point in time. A key social program design challenge is to create pathways to realize this potential.

Translating Cultural Awareness Into Financial Capital

- The social and cultural landscape of small rural communities with concentrations of immigrants appears homogeneous to outsiders but is, in actuality, variegated, complex, diverse. In this context, cultural capital=business viability.
- Immigrant entrepreneurs in California and Oregon gain competitive advantage by understanding the needs, tastes, financial constraints, and spending patterns of diverse local residents.
- The proprietor of a bakery in Woodburn avoids waste by knowing the numbers of customers who will buy one kind of pastry, e.g. a churro vs. a bolillo. Across the plaza, the storeowner knows when farmworkers get off each day.
- The Korean storekeeper in Woodburn knows which noodles his “Old Believer” Russian immigrant customers who grew up in China buy and which kinds of burritos the Mexican migrant workers will buy
- The Yemeni grocer in Arvin knows the “best” long-distance phone calling cards for Mexican migrants (and the solo male migrants’ favorite brands of beer)
- Note that this involves drawing down of one’s own cultural capital but also acquiring new capital—learning from others, bridging cultural differences.

But Access to Financial Capital Poses Serious Constraints

- With only one exception, immigrant entrepreneurs we talked to did not have access to standard loans.
- Startup costs were financed from proprietors' own savings or loans from family members. Some purchases of businesses or the buildings they were located in were financed by sellers—who were, in a number of cases, immigrant entrepreneurs from an earlier wave of migration.
- Cash flow problems, e.g. seasonal ups-and-down, were addressed with loans from family members. In some cases, family investments enhanced profitability (e.g. purchasing a building as alternative to exorbitant rent).
- As in previous research studies on immigrant entrepreneurship, investments by family members—usually in the form of unpaid family labor—were part of businesses' survival strategy.
- Businesses seemed to be clustered in enterprises where cost of inventory, materials is relatively low and/or where specialized suppliers exist (e.g. Mexican food, party supplies). Expansion/upgrades were difficult. There needs to be more research on supply-chains.

Community Context for Immigrant Entrepreneurs

- Local municipal and county regulations were not seen as a significant problem by immigrant entrepreneurs and some had been helped a good deal by local authorities in dealing with licensing and permits.
- However, our initial exploration suggests the hypothesis framed by Goldschmidt regarding rural community vitality being determined by surrounding patterns of agricultural production is sound.
- Arvin, CA (the community Goldschmidt first studied) has the same landowning patterns and still languishes half a century after his study while Woodburn, OR is thriving—despite adverse shifts in global production patterns for berries (once a major crop and initial magnet for migrants).
- Local immigrants' disposable income is an obvious factor, but in Woodburn, OR small family farmers helped farmworkers who had first worked for them transition out of agriculture and into alternative occupations. In Arvin, CA no such help was available. Context does matter!

Making Good on the Promise: A Few Examples of Innovation

- In Woodburn, a driving school oriented toward serving immigrants—instruction in Spanish, by a young woman trained in Mexico as a teacher
- In Arvin, a medium-size supermarket (one of 7 in an immigrant-owned and managed Southwestern chain) competing with leading chains in Bakersfield by offering locally-produced chorizo, bakery, and freshly-made tortillas—innovative primarily in focusing on quality, “customized” line of products, not cost. Efficiencies from understanding rhythms of economic/social life in town.
- In Arvin, low-cost judo/martial arts classes in conjunction with a video store as a community service but also a way to promote local visibility and family customers coming to the store.
- In Woodburn, an older woman operating a traditional Mexican business—selling (delicious) tamales in the plaza—after help from the City Manager and a local immigrant furniture store owner in getting her business license.

Observations and Impressions to Guide Further Exploration

- The majority of local immigrant businesses are economically marginal. Their owners' persistence, flexibility, and motivation allow them to survive—intangible assets not easily presented in a standard business plan. Only a minority are vital and growing.
- Despite the uncertainties of running a small business, it is, for many immigrants, preferable to the certainty of periodic seasonal unemployment in agriculture.
- Arvin's ambitious CDBG-funded economic development initiative (an attractive combination of community plaza with business incubator rental space) addressed one genuine issue (space rental costs) but failed to really contribute much. A previous economic development effort (an ugly, hot, unused golf course 20 miles off the Interstate freeway) was worse.
- In Arvin, immigrant businesses provide a valuable community service by offering some of the services and goods people want but probably have few multiplier effects in the form of generating employment. In Woodburn, there are more indirect effects—but not yet major changes.

Some Options To Pursue

- Interventions will need to go beyond small business/entrepreneurial training to include training to banks and other potential lenders/investors as to how to reliably assess immigrant entrepreneurs' enterprises.
- An innovative approach might be a program enrolling both prospective entrepreneurs and prospective lenders—with opportunities to learn about each others' worlds in a sheltered context.
- High-school level entrepreneurship training has tremendous promise as part of career preparation for Generation 1.5 and 2nd generation immigrant youth—as they have the English-language skills and bicultural experience to thrive as entrepreneurs, but may lack both “personal effectiveness” skills and some technical skills which contribute to success.
- Given the challenges of nurturing a business with constrained access to financial capital, despite rich stores of cultural and social capital, entrepreneurship-oriented training and technical assistance for immigrants a priority is to help existing business owners (including home-based micro-enterprises) devise effective strategies to grow.

A Few More Strategic Considerations

- Entrepreneurship training for 1st generation immigrants should be practical, based on case study approaches and focus on strategy not “textbook principles”, but also provide individualized instruction/tutoring in basic skills: ESL, quantitative literacy/numeracy, computer skills.
- Training can (and must!) address the competencies entrepreneurs need—the “personal effectiveness”, “academic” and workplace competencies” identified in Tiers 1–3 of the O*Net Entrepreneurship Competency Model
- The O*Net inventory of entrepreneurship competencies is remarkably well-aligned with the 21st Century Job Skills Partnership curriculum framework (because of fundamental and global shifts in the contemporary workplace). Entrepreneurship training can itself be an incubator for building skills for a range of career trajectories—not just small business.
- Immigrant entrepreneurs are willing to support civic causes but there have been only limited and awkward community efforts to recruit them as civic activists/leaders. Community development/integration strategies must consider how to “invite” newcomers’ involvement and more effectively utilize immigrant entrepreneurs as resources in diverse roles (e.g. as mentors in high schools, resources to resolve conflicts, enhance census enumeration).

In Conclusion

- Our initial discussions with immigrant entrepreneurs in the 2003–2005 New Pluralism project provided useful insights which are being further explored, greatly extended, and expanded in our current Immigrant Entrepreneurship integrated research/education project.
- Immigrants’ —as pioneers exploring a new social and civic universe—have many of the skills and experiences which provide a foundation for entrepreneurial success. These skills can also be deployed as resources for community improvement but involvement must be invited and cultural capital “translated”.
- The systemic community development approach advocated by Jan and Cornelia Flora provides an sound framework for design of highly-effective interventions in rural communities—particularly those being rapidly transformed by immigration. An key principle, stressed early on by Robert Bach (1985), is mutual adaptation.
- The Floras’ crucial insight has been to see entrepreneurship development not as a “closed” topic, course content, or individual skills set, but as a community-wide goal, i.e. broad-based efforts to seize opportunities to transform human, cultural, social, and civic capital into a broader spectrum of economic development and activities to enhance quality of collective life: collaborative learning/collaborative community-building

And Some Useful Resources

- DOL/ETA Competency Model Clearinghouse–Entrepreneurship Model:
 - <http://career1stop.net/COMPETENCYMODEL/pyramid.aspx?ENTRE=Y>
- The Partnership for 21st Century Skills Home page:
 - <http://www.21stcenturyskills.org/>